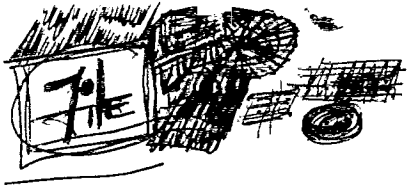


# MONTHLY REGION HIGHLIGHTS

MARCH 1993

CONFIDENTIAL

2045058615

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

# REGION 1 MONTHLY HIGHLIGHTS
# MARCH 1993

| I. VOLUME | Month | YTD | % Change YTD |
|---|---|---|---|
| Marlboro | 3,191 | 5,089 | -3.7 |
| Premium | 4,408 | 7,257 | -7.7 |
| Discount | 672 | 1,453 | 47 |
| FVB | 221 | 542 | 93 |
| Basic | 254 | 544 | 100 |

## II. PM U.S.A. BRANDS

## A. NEW PRODUCTS

### Section 13

***B&H Kings***

Benson & Hedges Special Kings continue to move slowly; Lights and Regular turn fastest. B1G1F may do the trick temporarily. Other packings still sitting in majority of stores.

***Virginia Slims***

In New York the Virginia Slims 10-pack is now seeing some movement, only because of the 99¢ "Buy Down" program. Many retailers feel that a Marlboro 10-pack would have a greater response from the public.

### Section 14

Sales remain slow at retail and wholesale on all packings. In the inner city, B&H 2-for-1's sold extremely well, as did the B&H buy 2 packs get a T-shirt free and the free lighter with 1-pack purchase, reaffirming that this product will sell if incentives are provided; however, retailers are not restocking this product on their own, resulting in numerous OOS's.

In the inner city, B&H Menthol Kings' biggest competition is Riviera. Riviera's strategy is similar to ours in that they are targeting full margin menthol brands. Although Riviera is a generic brand, they have used this to their advantage, stressing a quality alternative at a lower price.

In suburban areas, overall sales are down with product sitting at retail. Promos such as the cap did little to stimulate sales in these areas. At Fleming Companies excessive inventory is left from the initial sell-in. Quantities are as follows:

| | |
|---|---|
| FF King | 653 |
| Lt King | 243 |
| FF M King | 1601 |
| Lt M King | 224 |

Fleming cannot band product at wholesale or have PM personnel come in to band 2-for-1 product due to their being a union house. Fleming reports that the average movement of all packings is one carton per week. Sales year-to-date ending 2/28 - one case.

2045058616

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

The live product shipped for the 2-for-1 promotion was confusing for some wholesalers, even though they were informed of its scheduled arrival. One account returned the product.

## Section 14

***Marlboro Adventure Team***

The flex card bonus miles, replacement promotion for the flashlight promotion, has been a disappointment to retailers and consumers. Each consumer is only allowed to redeem two certificates regardless of the number of promotions purchased. There is no incentive for the consumer to make repeat purchases.

***Marlboro 5-Pack***

Sales have decreased since its introduction. Retailers as well as consumers consider the 5-pack as a special promotion and have not grasped the concept of multi-pack sales. Some wholesalers as well as retailers are not restocking the product. In order to keep this product in distribution, it has been promoted through the use of flex fund promotions and the use of the original 5-pack display units that were available but with limited allocations.

Jefferson Wholesale is considering taking the Marlboro 5-pack if there is evidence that it is still being heavily promoted at retail and it will go through their stamping machine. In Super Rite, efforts to discontinue the packings at the wholesale level continue. The lack of retail merchandising support in conjunction with less than adequate fixture availability results in less than stellar performance at the consumer level. Distribution is inadequate to affect volume movement. In Blair Candy the 5-pack will be brought in only by request; there has been no significant movement since the introduction (except when being promoted).

***Marlboro Medium 100's***

In urban areas, sales are still slow with box packing outselling the soft pack. MAT did little to stimulate sales for this brand, however, the $4.00 off coupon did give the brand a little boost in the city.

In suburban areas, the box packing sells and the soft packs are slow, with reports indicating that MAT did not help this packing. Most reports indicate that as a 2-for-1 this product sells.

McAneny Brothers has extra Marlboro Medium 100's. The product is being moved around to other wholesalers (i.e., Conrad Wholesale). The product is not indicated as being complimentary, thus leaving the door open to be disassembled at retail to a single pack sale.

## Section 11

***Marlboro Adventure Team***

***Observations***

Consumer awareness continues to accelerate at an unprecedented rate, especially as customers are observed wearing the gear items (i.e., rain gear and dirt jacket). Consumers are reportedly impressed with the quality of the gear and have also expressed great interest in the forthcoming catalog. The news of a new catalog was spread through "word of mouth" as a result of the items being manufactured by a local company.

2045058617

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

The program has sparked renewed interest amongst non-Retail Masters accounts whereby "hold- outs" are now requesting follow-up Retail Masters presentations. The competition, RJR specifically, has responded aggressively by offering similar co-funded price reduction programs and creating a visibility blitz for the current "Camel Cash" offer. The impact of competitive initiatives on the Adventure Team Program has been minimal to date given the strength of Marlboro and the established levels of program awareness and consumer excitement.

***MAT Sleeved Product***
Limited quantities of promotional product remain both at wholesale and retail. Packings remaining include primarily Medium Kings & 100's Soft, Light 100's Soft and Full Flavor 100's Soft. We do, however, anticipate product depletion prior to the onset of the Marlboro Leadership Program.

***Marlboro Van Program***
The van program continues to gain momentum as the weather improves and initial procedural "kinks" are resolved. We have limited scheduling of half-day store events given the significant amount of downtime experienced during tear down and reset-up activity.

We are experiencing some adversity in the Boston area as local officials have asked the van to leave. Fortunately, the action was not impressed until the latter part of the day, thus allowing us to at least meet our objective. As more conducive weather arrives and visibility levels increase, however, we expect opposition levels to increase as well within the Boston area. The program has run smoothly concerning zoning and local ordinances in the more rural territories.

On a sporadic basis, RJR has attempted to buy down the price of Camel for the day in stores scheduled for the van. Thus far, retailers have refused this action as a result of FSF communication regarding our policy of removing the van if such action is allowed.

***B&H Special Kings***
As previously reported, B&H Kings sales are stagnant. YTD volume for the Section is **0**. The upcoming B1G1F promotion should help stimulate sales; however, given current inventory levels both at wholesale and retail, wraps should have been provided to wrap existing product rather than ship in additional.

***Marlboro 5-Pack***
Sales are sluggish with Section YTD volume at 3 million units.

***Medium 100's***
YTD volume for the Section stands at 21 million units.

Fortunately, Medium 100's B1G1F product moved quickly at retail as the product code on many cartons was within one month of expiration. Soft pack sales on non-promoted product are virtually non-existent which has resulted in heightened returned goods levels on the packing.

2045058618

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## B. PREMIUM

### Section 12

***Marlboro Adventure Team***

To combat the MAT program, RJR is offering a promotion that neatly packages a lighter and Camel Cash Catalogue with a 1-pack purchase. This type of product/information delivery would be an excellent vehicle for us to promote MAT and educate consumers of program details simultaneously.

Some markets have reported incidences of excessive on-hand inventories of MAT sleeve product. For example, a few retailers in the Albany area report over-ordering MAT sleeve product, while a chain (in the same area) such as Country Stores did so well that an extra 4,600 cartons were obtained from their distributor. Inventory adjustments at both retail and selected distributors are currently underway to correct these conditions as they surface.

Early feedback from the field indicates that the Marlboro Adventure Team Van is creating some excitement and results at retail, reinforcing our commitment to providing R.M. accounts with unique and special promotions (or attractions) that only a brand like Marlboro can provide. In Albany, we have reports of peaked consumer interest and excitement with smokers making same day return visits to Van locations with kin and confreres. UM R. Sullivan has set up a sales tracking process with Powerforce personnel and, as a result, has been able to measure increased Marlboro sales at two of five Van locations. In the two measured accounts, we have seen Van day Marlboro sales increases of 266% and 300%. UM Sullivan has also scheduled Powerforce representatives to present Van results periodically at weekly Unit meetings. Results similar to what we have experienced in the Albany area will be used as a testimonial of the prowess that the Marlboro franchise can offer. The Van will also be used as an instrument in our R.M. presentations to non-R.M. accounts. Concepts and programs like the Van are certainly the types of tools that help build business!

***Marlboro***

During Inventory Maintenance Program periods, direct accounts are sold product without planned "pull mechanisms". For example we still have some direct accounts that have product on hand from our December I.M.P. because the MAT product offer did not afford us the ability to pull regular product. By planning now for maintenance programs we will be able to maintain consistent steady consumer pull vs. push programs. We suggest four possible pull mechanisms.

1) FSI coupons (i.e. Marlboro $3/$4 carton coupons). FSI's such as the January newspaper FSI's would help move product with carefully planned time intervals.
2) IRC (Instantly Redeemable Coupons) on full margin cartons so that product can be selectively pulled.
3) Attractive incentive promotions designed to move product out of wholesale (i.e. flashlights, T-shirts etc.).
4) Incremental product promotions (i.e. Marlboro Buy 3 Get 2 Free).

***Marlboro 5-Pack***

A stimulus to promote slow 5-pack movement remains needed at retail. Possible suggestions to creating consumer trial include the quicker manufacturing of the 5-pack springload devices, the creation of quality 5-pack premium incentives and the inclusion in MAT MADNESS during MAT Van visits.

2045058619

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

***Canadian Brands***

The Canadian Players brand family is in need of outdoor print media (in strong border areas) in order to take full advantage of cross-border shopping. While we have been able to increase our full margin business by gaining distribution in key border areas, the addition of outdoor P.O.S. would enable us to achieve maximum smoker awareness of Players availability in the U.S. Efforts are underway to obtain needed resources from our Canadian Style Tobacco Export Management Team in N.Y.

Reports of RJR MacDonald promoting Export A with a free T- Shirt on carton purchases in the Niagara Falls, NY, area suggest that we examine the profitability of aggressively promoting the brand to remain competitive. Further evaluation of RJR MacDonalds' promotional success will be provided up the line once results have been calibrated.

**Section 13**

MAT is definitely the big news at retail, selling well and great visibility; most sleeved product has sold out with no accounts reporting any overstock. Program has done its initial job and created attention for Marlboro.

Problems - other than lack of catalogues, most are small for a program this complex and large; some confusion over miles redemption, i.e.: consumers are picking sleeves with high matching #s because they think this is the amount of miles they will receive; they do not realize that all sleeves are worth 20 miles. Also confusion about non-Adventure Team UPC redemption - customers are unsure how many of the special coupons they can send per order with the non-MAT UPC codes. We are losing some impact at retail - we should introduce Phase 2 of the Aisles and Miles program to re-excite the store owners about MAT.

Retailers still are resistant to co-funding our promotions - their business is slow and they do not like giving up profits on the best-selling brand in the store. Also, there was confusion during the start of the co-funding program partly due to the federal tax increase and the manufacturers' price increase, and partly due to the length of time from intro of the program to the implementation at the store. Some retailers forgot about the co-funding and did not begin the program immediately. Also, allocation of 2-pack product should have been higher in pack outlets - sleeves are selling much slower in carton outlets.

Most of the MAT flashlights sold out before our Sales Reps could retrieve them. The MAT Djeep lighter promotion sold out very fast and retailers and consumers are requesting additional quantities. This promotion sold out so fast that it had little impact at retail. PM should produce much higher quantities of these lower cost incentives to create more depth and impact at retail. The MAT lantern promotion is selling well; consumers and retailers are impressed with the high quality of the promotion.

Unless brands have promotions, less and less loyalty is evident in brands other than Marlboro and Parliament. VS gear helps somewhat, but our own FVB is taking some business away. Lighters not increasing traffic significantly. Merit falling by the wayside; Ultra Lights doing better than Regular; Ultima has found a small niche.

Benson & Hedges 100's 40¢ off promo was accepted very well at retail, and sales of this brand got an added increase from this promo.

**Section 14**

2045058620

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

B&H, Merit and Virginia Slims continue their decline. The special incentive programs should help short term. Distributors (jobbers and sub-jobbers) are eager for the opportunity to sell any promotions we can create for them. They are asking for small shippers that they can have to sell to their accounts. It would provide a means to gain movement on our full margin brands and can be as simple as price off promotions, such as a 4-6 carton deal on Merit, 50¢ off a pack, or if Brand can provide small incentives for buy 2 packs, get an incentive, distributors would be willing to feature this type of deal.

In the inner city, B&H 100's sold out at retail within two weeks of placement (40-unit plus back-up). Most retailers wanted the majority of the display to contain Full Flavor Regular as opposed to the Lights and Lights Menthol which were the featured brands. B&H Kings 2-for-1's also sold out within two weeks.

***New Billy Jack POS***
The Billy Clock has been the most useful piece of the "Billy Collection." The piece is easy to place and very attractive to the consumer and retailer. The pricing sign has been the least utilized piece due to the fact that price bleeds through.

***Marlboro Lanterns*** - with carton purchase was received very well at retail and by consumers. Eighty-carton displays sold through very quickly. Set-up of actual incentive was excellent, nothing to attach. Carton simply slid into pre-packaged slot with lantern; conducive to store personnel assembly, since display was shipped primarily through PM Express/Roadway Packaging Service. Pack outlets also interested in such a display in future which would help their potential carton market.

## Section 11

***Canadian Players***
While packings enjoyed strong movement initially in the Maine Market, sales have declined as a result of the current exchange rate of 30% and strict border patrol activity monitoring the transport of U.S. purchased products.

***Massachusetts Tax Increase***
The tax increase has impacted full margin sales by stimulating price value growth within the state as well as shifting business to neighboring states with lower prices. The state of New Hampshire reported a 24% increase in revenues for the month of March.

***E9 Full Margin Growth Fund***
As previously reported, the volume verification documentation process has been extremely time consuming and has created animosity at retail. The need for documentation is certainly clear, however, the details of required information should have been communicated to the FSF as the program was initiated. Our credibility has been questioned in numerous instances where accounts have had to retrieve year-old invoices already submitted to accountants or stored in warehouse facilities. On an independent level, many accounts have purged their invoice files, thus 2nd quarter documentation is unavailable. Had the FSF been aware that starting volume verification documentation was necessary, copies would have been made at the time of review prior to the E9 signing.

2045058621

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## C. DISCOUNT

### Section 12

***Bristol***

FSF observations indicate that Bristol, with its lack of financial support, is appearing to be one of the casualties of the low-end war in which we and our competitors are engaged. To get Bristol back in the game it will need coupon and media support on a consistent basis.

### Section 13

With the constant change in prices and the lack of stickering on generic packings, sales are slower than normal. Bucks is practically a forgotten brand, and sales are reflecting this. It is due in large part to the promoting of the Deep Discount category (i.e. Basic, Monarch and GPC).

Glikin Bros.' sales of Eagle continue to be strong. Eagle accounts for 97% of Glikin's deep discount category. Basic - our Sales Reps have begun to aggressively work this brand. Distributors purchased 52 cases during February. Only a few distributors took advantage of the Basic sales program for their Sales Reps (25¢ paid per ctn. sold) - Paterson Tobacco, United Candy & Jersey Coast.

The Cambridge 2/1's are stimulating sales for this brand in stores where the promo is placed. Also, the Cambridge $4.00 promo with bounceback is increasing carton purchases in Unit 28. When $4.00 carton and 40¢ pack coupons are placed on branded discount brands, the retail selling price drops below the deep discount brand price and the consumer trades up to the branded discount brands, especially in Bergen County where the deep discount brands have minimal sales and consumer awareness.

### Section 14

Sales are down for Cambridge and Alpine due to the $5.00 coupons on Doral, the lack of Alpine coupons and the growth of Black and Whites. Even when branded generics are couponed with high denominations, the perception from the consumer is that these brands are NOT the best value. It appears that in less than a year, the "branded generic" has become the dinosaur of the industry.

The Cambridge $9.99 program is meeting with resistance in some chain accounts because of the administrative tasks involved to reconcile their accounting needs. Recommendation: Use a $5.00 carton/50¢ pack coupon with price call-outs for $9.99 and 99¢. The program was too labor intensive. Next time we should consider a shorter turn-around to prevent competitive reaction. In Scranton/Wilkes-Barre, RJR has reacted to the Cambridge $9.99 program by aggressively pre-booking Doral at $5.00 off. However, many retailers are not able to participate in this program due to their substantial monetary investment in Cambridge. Some accounts in the Harrisburg market have asked for as much product as possible for the Cambridge 99¢ program to compete with Sheetz and other chain accounts that have a low-priced brand. In the Altoona-Johnstown market the program has been successful in competing with black and whites along with Doral.

### Section 11

Discount brand sales continue to decline as the deep discount category grows. All reporting Units have indicated that the current coupon budgets and values are inadequate to maintain competitiveness in the category. Additionally, lack of support for Bristol and Bucks has led to a spiraling decline in sales and distribution levels throughout the Section.

2045058622

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

| Brand | % Change Ytd Vs Ly Ytd |
|---|---|
| Alpine | -52.2 |
| Bucks | -77.5 |
| Bristol | -72.3 |
| Cambridge | -29.8 |

## D. DEEP DISCOUNT

### Section 12

***Basic - Taste***

Some isolated consumer responses have been reported across the Section indicating that there may be a perception that a taste change (Full Flavor 100s) has accompanied our Basic packaging change. This type of consumer perception has been observed in the past with other package modifications. Further observations and perceptions will be reported up the line if remarks mount.

***Basic Initiative (Prior To Retail Feature Program Reduction To 50¢)***

The new Basic program has brought increased competition in the streets among wholesalers. Some wholesalers without a PM Private Label are aggressively targeting retail accounts that have one, utilizing the $1.30 as leverage. It's too early to determine the impact on PM P.L. sales, but it may force those with a PM Private Label brand to pass along more money than previously to maintain sales.

***Basic Price/Allowance Changes***

Our recent announcements of Basic/Private Label price/allowance changes have created some confusion at retail and wholesale regarding correct product pricing. Retail and wholesale confusion will be corrected by FSF visits targeted to respond to any ambiguous pricing/allowance Basic issues.

***B2G1F***

We suggest that the B2G1F Basic offer be extended to the newer packings in addition to exhausting old inventories. By extending the B2G1F offer on the newer packings we may be able to create out-switching, thereby capturing new business with Basic's high quality.

***Invoice Pricing***

A closer look at the pricing of Basic vs. Monarch from manufacturer to wholesale reveals a discrepancy between the two. At P.M. we take all trade discounts and allowances off our list price before we apply any cash discounts. At RJR (and possibly ATC) the cash discount is taken from the list price of the product before any trade allowances or discounts are applied. What this equates to is that any wholesaler who pays their bills today makes 4 1/2¢ more on a carton of Monarch than on Basic. With the low end as competitive as it is today, we recommend that our invoicing methods be examined to determine whether this difference is congruent with our Basic strategy.

### Section 13

Basic continues to do well with favorable acceptance at retail and consumer level, holding its own against Monarch and GPC. The new packaging should make it more appealing to consumers, along with the additional POS recently received by the Sales Force. The price increase and rebate by wholesalers has caused some confusion with retailers and wholesalers.

2045058623

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

**Section 14**

Basic/FVB distribution for Section - 67%

The new Basic program has made PM more competitive at retail. Merchandising fixtures are currently being sold in and placed at retail to take full advantage of the program. However, GPC's consistent couponing activity of $1.50 and $2.00 off carton purchases and their corresponding pack denominational couponing is hurting Basic sales at retail. PM is no longer the cheapest proposition at retail when this activity occurs or when the business carries a house brand black and white. We gain distribution in these instances but not sales.

According to Tom Garguilo, Brand Manager of Basic, Full Flavor Menthol Kings and 100's will be introduced nationally in 6/93. This will allow PM to compete with other competitive menthol brands. These packings are needed sooner if possible.

Customers are complaining about Philip Morris inconsistency with pricing and programs. The programs have kept them in a constant administrative mode with changing prices and answering questions from retailers regarding P.M.'s Basic program. Also, there weren't enough Basic B2G1F wraps available for the program to satisfy chain accounts. This highly Basic-indexed market needed more of this promotion. Accounts are willing to promote Basic if we can provide them some tools.

Prior to the last price increase on Basic, in northeast Pennsylvania we were able to match retail pricing on Private Stock/Prime by leveraging the 80¢ discount and Retail Masters. Since ATC has not increased its Private Label pricing, PM has lost their advantage and sales will undoubtedly be affected. Customers have stated that we need to keep our price increase programs "simple."

**Section 11**

Basic sales continue to increase as a result of FSF activity (MTD Section sales at 47 million units) despite the adversities described below. The B2G1F promotion has been extremely successful in generating consumer trial at the expense of competitive brands. Additionally, consumers are asking for the brand by name.

Confusion over our recent pricing action as well as changes in program administration has caused unrest with many wholesalers. Additionally, our competitors offer allowances to distributor reps to solicit distribution and promote their deep discount brands, which places PM at a competitive disadvantage in the category. Basic remains at a price disadvantage to competitive brands at retail:

| | |
|---|---|
| Director's Choice | -$1-$1.50 |
| GPC | -$1 |
| Private Stock | -$1 |
| Bonus Value | -$1 |
| Monarch | -$1 |

The competition also offers box and full flavor menthol packings, whereas Basic does not.

Section FVB sales stand at 114.9 million units MTD and 245 million units YTD.

2045058624

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## III. COMPETITIVE ACTIVITY

### A. R.J. REYNOLDS

#### 1. Promotions

**Salem**
- 2 packs with lighter (13,14)
- $3, $4, $5 off carton coupons (11,12,14)
- $1.50 off 3 packs (14)
- $1.00 off 2 packs (12,14)
- Free St. Patrick Day T-shirt with pack, 20-deal (11,14)
- Salem 20-deal 3-pack ski cap promo
- Free camouflage belt with 3-pack purchase (11)

**Winston**
- $3-$5 off carton, up to 3 weeks inventory sold in (12,14)
- B1G1F, box and soft pack only, Winston Select, 10-carton sell-in (14)
- 30¢-50¢ off stickers (12,13,14)
- Racing mug with 3 packs and racing wristwatch with 3 packs (14)
- 2-for-1 - Winston Select display header card illustrates "Marlboro Smokers" take the smooth challenge (14)
- $4 off carton (12,14)
- Select, buy 1 carton get 1/2 carton free, 90-carton display, Winston Select 20% of inventory (12,14)
- $1.50 off 3-pack purchase (13)
- Winston Select $1.00 off 2-pack coupon (13)
-$3.00 off carton coupons (12,13)
-Packs of Winston w/ an image of a coin with a "1" on packages has been observed in the field. RJR is rumored to be making available a Winston Cash Catalog similar to Camel. (12)
-Free Plainfield, CT, Dog Track T-shirt plus 2 admission tickets with 5-pack purchase (Eastern CT only)(11)
-60¢ off pack co-fund promotion with retailer contribution of 15¢. Without co-fund, 30¢ off per pack (11)

**Camel**
- Camel Lights - ashtray shaped like a pool table with 3-pack purchase. (11,12,14)
- 2-for-1 Lights (12,14)
- Camel Cash Catalog Volume 3 available, offer good until 7/31 (14)
- CD carrying case with 2 packs (14)
- Camel Wides 40-deal 2/1's
-Camel 20-deal 3-pack billards promo
- Free belt buckle with 3 pack purchase (11)
- Free "Hardpack Character" lighter with 2 pack purchase (11)
- Free travel mug (includes store logo) and 2 cups of coffee with 2-pack purchase. (12)

**Vantage**
- 2-for-1 (14)
- $3-$5 off carton (14)
- 50¢ off pack Ultra 100's (14)
- $1.50 off 2 packs
-Free cigarette case and $1 off with 3-pack purchase (11)
-5 free packs with carton purchase (11)

2045058625

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

**More**
- $3 off carton (14)
- $1 off coupon on 2 packs (14)

**Doral**
- $5 off carton, 120-carton display; some accounts have purchased as much as 600 cartons (14)
- $6 off coupons in Acme (14)
- $2.50, $3, $3.50, $4, $4.50, $5 off carton coupons (11,12,14)
- 30¢, 35¢ and 40¢ pack coupons (12,13,14)
- $7.00 off carton buydown (limited to reportedly 1 NH store) (11)

**Magna & Sterling**
- $4 off Sterling (14)
- 40¢ off pack (13,14)

**Monarch**
- Reps buying down packs to 99¢ (14)
-Full Flavor Box King, Light Box King—to offer smokers box alternatives.(12)
-Monarch - if retailer reduces selling price 50¢/carton, RJR will reduce it another dollar (11)

**Sebring**
-Selling at Uni-Marts for $1.09 compared to Basic @ $1.55 (14)
-Sebring now available at AMD & Xtra Mart Stores (11)

RJR has announced a price increase on their regular brands that matches our $1.00 per thousand increase. No official word on Forsyth brands, however, a local RJR Account Manager has informed a direct customer in the Syracuse District that RJR would mirror our Basic/Private Label action.
(Section 12)

## 2. Merchandising/Fixtures

**Section 13**
Heavy temp POS and semi-perm to promote Camel 3 catalog. Posters, shelf talkers, life-size Camel Joe cardboard catalog holders and counter displays for catalogs.

**Section 14**
Combination Winston/Salem free-standing temporary carton display. Winston $3.00 off a carton, Salem $3.00 off a carton plus $2.00 off future purchase and certificate for Salem "Escape to the Fresh Side" sweatshirt with 5 Salem outer pack wrappers; 50 cartons Winston, 50 cartons Salem booked in, $15.00 temporary display payment. Display itself is a Winston format, "Make it Worth a Million." Salem products interspersed with Winston. Carton accounts only.

Lower volume carton accounts also permitted to book in minimum of 60 cartons, Winston and Salem, and receive corresponding coupons without actual display.

Doral - Approximately 60 cartons reduced $5.00 a carton, large carton accounts only. No attached coupon. Rep books in product and reduces immediately with "flex check" paid to retailers. Temporary display payment unknown. Heavy in-store advertising support with large price call-outs.

2045058626

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## 3. Sales Force Activity

**Section 12**

We have a report from an RJR Rep that there is a FSF deployment test currently underway in the Rochester-Binghamton area. Effective 1/93 RJR has been reported to have gone from 13 area SR's to five. SR's are reported to be servicing independents (without coupon or incentive resources) while part-time personnel contact chains and place promotions.

We have reports from the Syracuse District that RJR will be emphasizing full margin brands in their buydown strategy. Full margin brands will be bought down by 50¢, while discount brands such as Doral, Magna and Sterling will be lowered by 20¢.

An RJR Rep in the Albany market has reported that their Sales Force will be cutting back on merchandising dollars appropriated for large-volume independent accounts. The report also indicates that low-volume independent accounts would be left alone for the time being.

**Section 14**

In northeast Pennsylvania, each SR has their own 20-hour per week part-time person to place displays and coupon.

Reps authorized to buy down Doral, Magna and Sterling as determined in each account to make these brands the lowest priced of the category in the store.

**Section 11**

The Rhode Island market reports that RJR is cutting merchandising payments in selected accounts and presenting a new program with emphasis on a two-part payment system (full margin and discount business). The NH area reports that RJR is telling accounts they have exhausted available contract dollars and can only sign new contracts if existing plans are terminated. This has generated renewed interest in our Retail Masters program.

## 4. New Products

**Section 14**

***Camel Special Lights*** - gaining initial distribution and customer trial. Billboards visible in Scranton/Wilkes-Barre trading area as well as in the central Pennsylvania trading area. Distributor personnel and sales people from I. Goldberg and D. Deodati & Sons are assisting with sell-in of this RJR product while engaged in their sales activity. Accounts are informed of its availability when they call in their orders and sales people present sell-in sheets, etc., when taking their weekly order.

***Beacon*** - new private label seen in Thrift Drug, retailing at $11.00 per carton.

**Section 11**

***Monarch Box King Size*** is now being featured on all POS items.

***Price Master*** sales remain sluggish even though displayed properly and priced at an advantage.

The introduction of ***Camel Special Lights*** is off to a slow start as visibility levels are low and B1G1F product sales are stagnant at retail.

2045058627

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## 5. Other

**Section 14**
Mailgram sent to direct accounts 3/31/93, announcing a 75¢ per carton distribution allowance from April 1 - June 30 to be used by direct account to incent sales people, telemarketers, retailers or allow accounts to maintain profitability on Monarch while remaining competitive with other brands.

"Winston Winners Program" offers free merchandise and coupons with proofs of purchase (T-shirts, caps, watches), savings on videos (Lonesome Dove), VIP treatment at Winston Motorsports (VIP tent at event) and travel packages. Winston Winners hotline is 1-800-442-3464.

# B. BROWN & WILLIAMSON

## 1. Promotions

**Kool**
- $2-$3 off carton, 60-carton display (14)
- 50¢ off pack (14)
- Baseball cap (black, highlighted with a green "K") with 2 packs (14)
- Baseball cap with 3-pack purchase (11)
- 40-deal 50¢ off pack coupon or sticker @ convenience and drug stores.

**Viceroy**
- 30¢ off pack (13,14)
- $2 - $2.50 off carton (14)
- $3 off carton, 100-carton floor display (14)
- $4 off carton, 60-carton display (14)
- 30-deal 2/1's @ convenience and drug stores.(13)

Are using outside signs showing a pack of Viceroy up front and a pack of Marlboro and Winston in the background. Sign compares the cheaper price of Viceroy to that of Marlboro and Winston.

**Raleigh Extra**
- 20¢ off pack coupon (14)
- $1.50 off carton (14)

**Capri**
- Buy 2 packs, get mug or cap (14)
- 50¢ off pack coupons (14)
- $2 off carton coupon, expires 6/30/93 (14)

**Richland**
- $4 carton VPR stickers (14)

**GPC**
-20¢ off pack (12,14)
-Buying down to lowest price in store ($2 limit in majority of Section) (11)

2045058628

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## 2. Merchandising/Fixtures

**Section 13**
Combo displays FM generic, sub-generic, effective in stores with limited space. Tall slim GPC 6 facings, 3 cartons, also well designed for urban market.

New "spring" look metals, 2 sizes. New "spring" look push/pull. Viceroy legged price board like street talkers - $15 month.

**Section 14**
Reps are re-merchandising GPC's by taking the product off the main carton fixtures and placing it on 5-wide GPC fixtures with pack toppers. They also add logos and advertising. This should be an effective tool at the retail level, providing flexibility for space needs for future promotions or line extensions. Payment for the fixture is not known at this time.
***Kool*** - Rep has option of setting up $2.00 off a carton display or 30¢ off a pack display, depending on in-store movement. Pack reductions available c/o stickers or coupons, cartons via coupons only. Minimum sell-in or pre-book, 30 cartons for $2.00 off carton, 4 cartons for 30¢ off a pack. Any packing available.

***GPC*** - some carton accounts are only receiving $1.50 or $1.00 off a carton coupons rather than the across-the-board $2.00 off coupons which appeared earlier this quarter. Reps will place according to their competitive response to GPC presence (eg. non-aggressive positioning of Monarch or Basic.) Extended supplemental floor display featuring packs and cartons of GPC's through 9/30/93.

## 3. Sales Force Activity

**Section 12**
A B&W Rep in Carthage, NY, has placed a $50.00 coupon in one carton of a 100 carton pre-booked order. Smokers make purchases, and the lucky customer redeems the coupon at the checkout.

**Section 14**
Major objective is to coupon GPC.

Currently in the process of hiring 10 full-time Sales Reps in the Philadelphia, Bucks and Montgomery areas with a starting salary of $26,000. They are also redeploying the entire Sales Force in order to reduce the size of each territory.

As of April 6, 1993, 10 new Sales Reps will be added to the South Jersey/Southeastern PA district. Two new Sales Reps (in addition to existing personnel) being added to Delaware County area alone.

All B&W FSF personnel were eligible for a 1992 bonus. They did not achieve the necessary criteria and no bonuses were paid. Goals of distribution, sales volume and account coverage were all achieved. Only area not reached was profitability.

GPC - if a competitive deep discount cigarette (eg. Basic) is sold in at a lower price, Reps can match this lower price for the cigarettes they sell from their own car stock (eg. Basic sold in at $9.89, previous visit GPC was sold in at $10.69. Rep will lower price 80¢ per carton on second visit to match price of Basic).

2045058629

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

Billboards are spread throughout Scranton and Wilkes-Barre area comparing Viceroy with Marlboro and Winston.

**Section 11**
FSF activity continues to focus on GPC through aggressive buydown and POS placement activity. GPC banner placements are increasing brand visibility at the expense of Basic since we do not have the materials necessary to compete.

### 4. New Products

### 5. Other

## C. AMERICAN

### 1. Promotions

**Montclair**
- $5 carton, VPR (14)
- 30¢ off pack (14)
- $3 off carton (13,14)
- $1.50 off 3 packs (14)
- 40¢ off ED2P for 2 packs, $1 placement payment (14)
- Free Scripto lighter with 1 pack, $1 placement payment, 25¢/carton for 20-unit pack display or 30-carton floor display (14)
- Montclair 25¢ off/pack on permanent pack displays, unlimited quanitities.(13)
-20-deal 2-pack lighter promo (13)
- $5 off carton/50¢ off pack buydown (11)

**Carlton**
- $3 off cpn with bounceback for an additional $1.50 savings by mail with 10 carton UPC (14)
- $3 off carton coupon with bounceback for a free desk set with 1 carton UPC (14)
- Slims 100's, $5 off carton, 50¢ sticker on packs, 30-carton display (12,13,14)
- B1G1F on Slim 100's (12)

**Misty**
- $3 off carton paid by check (12,14)
- 2-for-1 (12,14)
- $1.50 off 3 packs (14)
- 50¢ off pack (14)
- $5 off carton/50¢ off pack buydown (11)

**Riviera**
- $2-$3 off carton (14)
- 2-for-1 with advertising directed toward Newport (14)
- $1.50 off 3 packs (14)

**Prime**
-$1 off carton coupon (11)

2045058630

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

**Pall Mall**
- $2 instant coupon and $5 coupon with mail-in (12,14)
- Bold advertising for non-filters - "save $7.00" (14)

**Private Stock/Prime**
- Distributor salesmen receive 20¢-25¢ per carton for each carton sold (14)

## 2. Merchandising/Fixtures

**Section 11**
The Sales Force is aggressively soliciting 4-wide carton fixture placements to exclusively display Prime. The payment schedule has yet to be obtained.

## 3. Sales Force Activity

**Section 12**
ATC is reported to be sponsoring a national presentation/workshop in Atlanta, GA, for all direct accounts to discuss all ATC house brands.

**Section 14**
Sales Force converting all product with 2 months shelf life remaining into 2-for-1 promotions.

ATC Sales Rep told retailer in Scranton/Wilkes-Barre area that they will not be buying down product at retail and any monies owed to the account would be paid in coupons.

## 4. New Products

**Section 14**
***Carlton Slims*** - new full margin entry in March. Carlton Slims Ultra low tar, regular and menthol. Sharp, gold oriented packaging, targeting Virginia Slims and Capri smokers. Four carton semi-permanent display features 50¢ off/pack purchase, coupons only. $20.00 per month payment available if placed in a prime self-service position. $5.00 off/carton purchase coupon, attached at factory level, present on all cartons in field. SR's gaining wide distribution, but movement slow.

**Section 11**
In April, American will be introducing a new deep discount brand called ***Summit*** , which will be priced the same as Private Stock. Available packings will include full flavor kings & 100's, light kings & 100's and ultra light kings & 100's. Additional details will follow as available.

## 5. Other

**Section 14**

***1993 ADD Plus Challenge*** (American annual program for year) targeting 4 brands - Carlton, Montclair, Misty and Riviera.

Promotions are:
$1.00 off 2 packs Carlton
$3.00 off carton, 50¢ off 2 packs, $3.00 off carton Montclair, Misty, Riviera
* all programs feature instant store coupon

2045058631

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

Distributor payments:
40 pack display placement = $5.35
less $1.35 if American merchandiser prepares
15 carton floor stand - $12.50
less $5.00 if American merchandiser prepares

Retail payment: 40 pack = $1.20
15 carton = $4.50

Participation in 2 programs earns 10% of American Challenge bonus.
Participation in 4 programs earns 25% of American Challenge bonus.
Bonus payment will be issued at end of year in form of merchandise of equivalent values as designated by the American Tobacco Company.

- Five or more programs may be used to meet Challenge Criteria.

Promotional Months: March, April, May - Carlton & Riviera
June, July - Montclair & Misty
August, September, October - Riviera
November, December - Montclair & Misty

***Misty*** - direct mail to consumers includes free "Look Book" catalog with 2-pack UPC's, free pack coupon, 2-for-1 coupon, $1 off a carton or 2-pack coupon.

## D. LIGGETT & MYERS

### 1. Promotions

**Chesterfield**
- 2-for-1 (12,14)
- Buy 1 carton, get 1 free - seen at Weis Markets (14)
- 10-deal - buy 1 ctn and get 1 ctn free @ supermarkets and auto shipped to Grand Union (13)

**Pyramid**
- $4.00-$4.50 off carton coupons (14)
- Prebooking 90-120 cartons for $3 per carton promo, 99¢ per pack with sticker (14)
- If account pre-books 20 cartons or more, Rep will discount with 20¢ off pack stickers and place in a dump bin (14)
- Pyramid sales have really declined. Supermarkets are being called on by food brokers who primarily coupon.

**Eve**
- 120's - 5 packs free with carton purchase (14)
- Price Plus Eve program at Shop Rite stores didn't do well according to Shop Rite buyers. (13)

**L&M & Lark**
- $4 off carton (14)
- 50¢ off pack (14)

### 2. Merchandising/Fixtures

2045058632

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

3. Sales Force Activity

Section 14
Sales force in process of pre-booking an unlimited amount of their premium brands for one-time $5.00 off a carton incentive. Stickers will be prepaid based on pre-books.

4. New Products

Section 14
Rumors of a 85¢ deep discount brand being offered to Rite Aid.

5. Other

E. LORILLARD

1. Promotions

True
- 50¢ off 1-pack purchase coupon and stickers (14)
- $3.00 coupons on all packings (13)

Old Gold
-Price permanently reduced to discount level. (11)

Newport
- Slim Lights, lighter with pack (14)
- Free racing mug with pack. Clear plastic mug with small racing car visible through plastic placed in the base. Ten-unit display, with modular capability. Displays can be placed side-by-side to as large as the retailer permits. (11,13,14)
- $3-$5off carton coupons (12,14)
- 50¢ off pack coupon (13,14)
- Slim Lights, 50¢, 75¢ and $1 pack stickers and coupons (14)

Kent
- $3 off carton coupon (14)
- 50¢ off pack

Style
- 2-for-1 (12,14)
- 20¢ off 2-pack coupons (14)
- $3 off carton coupons (14)

2. Merchandising/Fixtures

3. Sales Force Activity

4. New Products

5. Other

2045058633

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## IV. CUSTOMER DEVELOPMENT

### Section 12

***Wholesale Masters***

Wholesale Masters response from the trade has been favorable over the elimination of RSLs. Negative reactions have been expressed at several direct accounts who are concerned that the PM Basic/FVB rule requiring 40% share of sales will be difficult to achieve.

Wholesale response from the 1993 program continues to be good with wholesalers voicing their approval of being rewarded for present business practices. Concerns remain that wholesale content with the new program **may** be an indicator of their gravitation towards their entitlement mindset that we have spent the last four years steering them away from. Our 1993 presentations continue to stress our "pay for performance" principle.

***Trade Relations***

Progressive Grocer Magazine has an insert in their most recent issue that provides manufacturer category information to readers. Readers respond that they would like more category info and indicate which manufacturer they would like to have contact them. The list includes RJR as the cigarette informational source (only one manufacturer listed per category).

### Section 13

**A&P** - During April, a springload test (at the express checklanes) will be conducted.
**Krauszer's** - Effective April 1, Retail Masters will be handled at store level. In addition, the Marlboro Leadership Program will also be sold in locally. New brands will continue to be sold in at headquarters.

**RX Place** - RJR committed to provide S/L pack racks for all stores at a cost of $877.50 in 30 days delivered, including racks for sale to RX for PM use. RX would like us to purchase these units.

**Big V Shoprite** - RJR has produced an S/L unit at a cost of $1213.00. This rack meets the size requirements of Big V's plans. Big V management would like PM to purchase these racks for Retail Masters and uniformity. We have received revised carton fixture POG's from Big V. Big V has reduced the size of these carton fixtures to reduce inventory cost.

**Foodarama Shoprite** - In order to continue in all stores, a decision must be made on the package fixture. On the table is cost share with RJR. RJR has an accepted 4-sided island with promo topper at a cost of 1680.00.

### Section 14

**Miller (St. Clair)** - Account is waiting to hear back from Eagle brand and is strongly considering adopting that brand. In addition, they have inquired about combining both locations under one umbrella for Wholesale Masters because they are intent on maximizing. Their Prime sales are starting to grow, but they are more than willing to take on a private label from PM.

2045058634

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

**Mobil Oil** - Requested that PM participate in a test program for Retail Direct Marketing. The direct mailer is personalized using Mobil's customer base. The test is targeted for the Philadelphia trading area and involves 40 of Mobil's Mart locations. 15,000 mailings, anticipated 10% return, cost of the mailers funded by Mobil dealers. The mailer consists of 5 coupons: tobacco, beverage, chips, coffee and cents off gasoline. Message left with Lisa Theaman in New York office for corporate approval and possibly funding.

**Pottsville Wholesale** - Account looking for shipper programs that they can execute for their customers. Basic at 36% of deep discount - Best Value at 35%.

**Rite Aid** - Account was presented with the 1993 Wholesale Masters Program and was disappointed in the program and their inability to achieve the 40% deep discount share of market, since to date they have no PM Black & White. The account is anxious to come to resolution with PM regarding Retail Masters and Wholesale Masters. At this time L&M has gained distribution of Quality Lights - an initial shipment of 250,000 cartons was made the week of 3/29/93. Account has agreed to participate in Marlboro B3G2F promotion and has also requested 300 additional back bar baskets. The account is very much interested in the PM menu program and would like to have an appointment immediately.

**Riverside** - Riverside has accepted all packings of Basic. Opportunity now exists for the account to become a full Retail Masters participant due to their acceptance of Basic, provided they are willing to agree to all of the values of Masters. At this time the promo unit is being forwarded to the account for both the account and PM to determine whether it is functional for use in the Retail Masters program. Graphics for the vertically-merchandised package fixtures have been submitted.

**Rutter's** - Alpine 99¢ program will be implemented the 1st week of April. Fifty cases of incremental product will be shipped to the chain. Marlboro Van has been accepted for the month of June at all Rutter's. The flex fund at Rutter's will be used to buy down Marlboro B3G2F to $4.99 a unit.

**Scranton Tobacco** - Account has been sold to AWI effective April 17th. The office and warehouse will be closed completely. All employees except the sales department will be terminated. The sales department will operate out of Affiliated Foods.

**Scrivner** - At recent spring trade show, sold in 10,500 of Cambridge product at $5 off per carton. Marlboro and B&H complimentary product is on order for usage.

**Sheetz** - Sheetz trade show was a success insofar as gaining 100% distribution of the Marlboro 5- pack. Dave Hazelette informed PM that B&W has been making substantial financial offers to gain distribution of their black & white product. However, no decision has yet been made to include this as part of deep discount category. Basic is still in distribution but has seen a sharp decline because of Jacks. Sheetz continues to participate in all PM promotions.

V. **SECTION/REGION EVENTS** - Nothing to report.

2045056635

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## VI. ORGANIZATION/PERSONNEL

**Section 14**
Tracy Clark promoted from Sales Rep to DAM reporting to District 72.

Section 14 has eliminated the RMM position with Tom Lucuski, RMM, taking a Sales Rep position in District 72. The RM's and RMA will report directly to the UM's in the area that they currently cover.

**Section 11**
Carrie Sargeant, formerly a Sales Representative, has been promoted to Unit Manager in New Haven, CT. She will be replacing John Bowser, who is stepping down to a Sales Rep position in Section 13.

## VII. MISCELLANEOUS

**Section 12**

***New P.O.S. Items (Cool Gray P.O.S./Vision 2000 Items)***
New POS items such as the gray springloads, OPMs, 10-wides, 5-wides and Vision 2000 are not recognized by the SPACE system. Presently the system only recognizes numbers for older "like" items such as woodgrain fixtures that are no longer manufactured. Our main concern about fixture recording (besides accurate reporting) is the possibility that manufacturing decisions are based on SPACE information.....We've always been told if it ain't in SPACE it ain't!

***Promotional Recording Via The IVR***
Field personnel have voiced their concern that promotional utilization can only be recorded via the IVR system at PM Express. If displays are shipped to a distributor without any end retail destination attached, the display must be recorded by a SR phone call to the IVR (causing SR downtime). New system does not take into account any promotions utilized that have been in POS depots for any sustained period of time. Until FSF is fully automated, Section 12 suggests that an entry field be placed on CRs giving SR's the ability to record "promotional display not placed via PM Express", thus showing our true utilization of resources while gauging usage of PM Express.

***Tops Coupon Machine***
Catalina Marketing based out of New Jersey is offering a coupon targeting dispenser that provides ACG (All Commodity Goods) coupons in three methods electronically at all Tops checklanes. The dispenser issues coupons to consumers based on one of three programmed criteria (triggered by UPC scan identification):

1. Competitive Purchase
2. Substitution
3. Size Upgrade

Philip Morris and RJR brands have been identified as some of the 400 different item categories that the dispenser system recognizes. We are in the process of researching how we can utilize this system and add value to this promotional tool on a local level to grow PM brands.

***MIDAS Direct Rebate Screens***
During buy-ins such as our current Direct Rebate program, it would be extremely helpful if we could modify our Customer Rebate To Buy Report. Field Manager admin. time would be reduced if brand packing descriptions were added to the brand number. Currently managers have to refer to our Price Lists to determine brand packings.

2045058636

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

***Customer Analysis/BEAR Reports***
Suggest that the BEAR and Customer Analysis Reports be converted to a mutatable Excel format and that the BEAR report also include a year-to-date column or average to help eliminate manual calculations performed by field management. With these reports in Excel we would be able to track and graph important data that can be utilized to make field decisions and presentations.

## Section 13

Inner city displays working very well in M-2 counter situations. Non-compliance dropped dramatically since their placements.

***PM Express***
Backpack sweeps sent earlier than announcement dates. Difficulty tracking if not aware of early shipment. Promos have been shipped earlier than requested dates as well.

Some displays not showing up tracer signatures. Do not match any personnel in stores. Retailers not even aware of attempted deliveries. If shipment refused by retailer and sent back to PM Express, cannot reschedule shipment or reassign, even if you notify Cost Service. Cost Service extremely helpful and quick at getting tracers done - 5 min.

***Full Margin Business***
Direct distributors' businesses are being impacted by NCC Golden offering discounts on cigarettes to customers who also give them their candy business. This is happening in the Stamford/Greenwich area in particular, where Atlantic Tobacco has lost several customers.

An importer, Imex International Inc. of Bridgeport, CT, is soliciting direct distributors for the purchase of duty free cigarettes. This information was obtained at Atlantic Tobacco. According to the owner of Atlantic this is legal. Here's how it works. The importer buys cigarettes meant for export and brings them back into this country and is able to sell them to distributors for less than they can buy direct. At Atlantic Tobacco, Imex International was offering Marlboro at $1.30 a carton below the EFT discount. Atlantic had to pay Imex $2.40 a carton Federal Excise Tax. According to Atlantic this offer was also available on all PM brands, any quantity.

## Section 14

Section 14 has 48.3% of accounts signed to Retail Masters. Sales Force is still waiting for adequate supply of B hardware, overhead fixtures and carton fixtures to satisfy all components of the Retail Masters contract.

***2nd Trimester Promotions***
The numerous cancellations of promotions and change of promotions into SBO promotions has resulted in many wasted hours for the Sales Force. Section 14 had already sold into retail and placed orders through PM Express for 53% of the Section's allocation for the B&H Tank Top promotion for June. This is now an SBO promotion. Many account managers and Sales Reps have already pre-sold the entire second trimester promotion calendar to their accounts.
The Alpine T-shirt, B&H shorts, Parliament sunglasses and Alpine tank top promotions would assist in building business in urban areas during summer months. The Marlboro Leadership Program will be effective for some urban areas; but with the cancellation of the above-named programs, many markets will go lacking for business building promotions.

2045058637

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

***Inventory Maintenance Program***
Section 14 had 80.60% participation in the first period and 79.60% participation in the second period.

RJR compared the terms of their buy-in with PM's during two buy-in programs. Many of the details they presented to Affiliated Foods concerning the terms of our program were inaccurate. Affiliated Foods originally declined to participate in RJR's buy-in, but after repeated phone calls from RJR's district office, finally agreed. In turn, RJR sent the buyer and Assistant General Manager each a 'fruit basket' in appreciation.

## LEGISLATIVE/SMOKING ISSUES

***Section 11***
The New Hampshire legislature voted down a proposal to increase the state tax by $1 per carton. In Maine, PM sales personnel have developed a brochure outlining the ramifications of proposed increased excise taxes. SR's are distributing the brochure and communicating the importance of retailer and consumer involvement in combatting the proposal. The Maine District is developing a data base for a legislative network via a business reply card attached to the brochure.

Downeast Pharmacy, a 10-store chain based out of Maine, has decided to discontinue the sale of all tobacco products. The decision sparked tremendous publicity as the NBC affiliate in Portland, ME, presented an editorial on the decision while imploring other retailers to follow suit and "do what is right".

***Section 12***
Rochester, NY, officials are proposing a smoking ban in **ALL** public places, indoors and outdoors in Monroe County. Erie, PA, officials approved a ban on smoking in the Erie International Airport effective 4/1/93. Buffalo, NY, city officials banned smoking at Pilot Field minor league baseball stadium effective immediately.

***Section 14***
Upper Darby Township enacting a new law to deter underage purchase of cigarettes (including vending locations). There are currently only two state employees who enforce the 18-year minimum age requirement. The new law will be enforced by regular Upper Darby police officers. First obligation, each retail location must purchase a township-produced sign stating the age requirement for $25.00. First offense for selling to minors is a $300.00 fine. Second offense is a possible jail sentence. "Sting" operations will supposedly be implemented to enforce this law.

2045058638

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

# REGION 2 MONTHLY HIGHLIGHTS

# MARCH, 1993

## I. Volume (3/31/93)

| | Month | YTD | % Change YTD |
|---|---|---|---|
| Marlboro | 3,308.7 | 4,796 | - 9.7 |
| Premium | 1,100.5 | 1,834 | - 28.5 |
| Discount | 1,254.0 | 2,870 | 47.3 |
| Famous Value | 207.3 | 556 | 100.0 |

## II. P.M. USA BRANDS

### A. New Products

**B & H Special Kings** - Overall sales are very slow. Considerable quantities of 40-cent off product remain both at wholesale and retail. The Cap Promotion did well in high-traffic, high-volume outlets but sold more slowly in all other accounts. The B1G1F is greatly needed to move product.

**Marlboro 5-Pack** - Sales continue to decline without incentives. Retailers must be constantly reminded to reorder.

**Marlboro Medium 100's** - Section 21 reports consistent movement in traditionally high Marlboro areas with MAT giving brand additional exposure, and further trial being induced by Flex Fund and 2-pack offers. In Section 22, the recent B1G1F greatly increased visibility/awareness, but overall sales remain very slow with product remaining in accounts from initial introduction.

**MAT Program** - In the NC/SC area on the 2-Pack Sleeve, Co-funded stores sold through in 4 weeks, non/co-funded stores in 6-8 weeks. Section 25 found the 2-Pack product co-funded promo an excellent way to gain incremental sales. Retailers and S/R's report much interest by consumers in saving MAT miles.

### B. Full Margin

**Virginia Slims** - In the northern portion of the Region, the V-Wear promo was very successful; displays of B1G1F and B1G-1/2 carton free sold out in 5-7 days in high Full Margin markets. B1G1F selling fast, especially in higher volume accounts, in the Carolinas. In general, the B1G1F helped the sale of the entire brand family.

**Merit** - Even though sales remain slow, some areas state that the $3/$4 coupon promotion was successful in moving additional units, and retailers reported that the promo was able to win back some Merit smokers who had switched to P/V.

### C. Price Value

**Cambridge** - Constant couponing necessary in order to reduce lost sales; however, FSI's/coupon support at retail have helped boost carton sales in strong P/V markets.

2045058639

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

**Alpine** - Sales have picked up in the majority of the markets due to couponing and FSI. Continued support will help build a larger consumer base.

**Basic** - Distribution and sales continue to increase. According to retailers, the new packing has created attention to the brand and has a lot of consumer appeal. Also, positive comments on the new packaging continue to be heard from retailers. The Miami District advises that Malone & Hyde and Associated Grocers have accepted the brand.

### D. Famous Value Brands

Presentation on **AAV** made w/o 4/5/93 to T. J. Morris; favorable response but final approval by account pending. Charles C. Parks Company accepted P.M. house brand after presentation by E. Glanz.

### E. Specialty Brands

**Canadian Players** - Sales increased during March as tourists prepared to pack up and return home. Price is considerably less per carton in our area than in Canada, thus substantiating the sudden movement. Independents carrying the product in the St. Petersburg Beach area reported an average of 10 CPW or more. Retailers are excited to finally have the product available.

## III. COMPETITIVE ACTIVITY

### A. R. J. Reynolds

1. **Promotions** - Promos continue on **Winston/Salem/Camel**; however, VA Beach areas report that these are not significantly affecting our business. Also, wholesalers report large, slow-moving inventories of these brands. "Camel Joe" promo in this area is quickly losing its appeal with consumers. RJR has contracted an outside agency to operate a Camel van in the Nags Head, NC area from Memorial Day through Labor Day. **Winston Select Box** has been discontinued at Food Lion.

2. **Merchandising/Fixtures** - Section 25 reports - Any banner $50.00 for each month visible; **Sterling** semi-permanent display $50.00 per quarter; SS springloads for P/V becoming numerous with $25.00 per month payment.

3. **Sales Force Activity** - Section 22 reports - Starting 4/1, each rep can choose 3 stores per quarter to promote (for one day), using switch selling and promotions. Targeting MAT accounts. Each rep has $18,000 to use. Part-timers are riding with reps, doing time-consuming activities in accounts as rep handles business aspects of in-store mission.

4. **New Products** - Reps are selling in 2-4 cartons **Camel Special Lights** in small independents and 6-8 cartons in larger independents in South FL.

5. **Other** - A report from FL indicates that RJR has recently classified all accounts into brand target stores. Certain stores will receive particular brand promotions; only one brand will be promoted in any store.

2045058640

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## B. Brown & Williamson

1. **Promotions** - **GPC** being reported in some areas of S. FL as lowest priced brand; up to $2.00 off buy-down, also $1.50 buy-down at wholesale level.

2. **Merchandising/Fixtures** - (Section 25) - Both Full Margin (**Kool**), Discount (**Viceroy**), and Deep Discount (**Raleigh Extra**) being merchandised on same counter display, which seems to cause confusion regarding price. **GPC** is on top shelf in many locations. Reducing carton fixture rows on Raleigh Extra and increasing rows for GPC, $18.00 each month for change mat. Offering their large A/V units to many smaller retailers for their GPC - unit pays most $90/month.

3. **Sales Force Activity** - No new activity to report.

4. **New Products** - Nothing to report.

5. **Other** - Nothing to report.

## C. American

1. **Promotions** - Section 23 reports that buy-downs/couponing on **Montclair, Misty** (and other generic brands) have been discontinued until new program is announced.

2. **Merchandising/Fixtures** - In NC/SC area new semi-permanent display for **Carlton Slims** has been observed, which is very contemporary and eye-catching.

3. **Sales Force Activity** - No new activity to report.

4. **New Products** - Nothing to report.

5. **Other** - Distributors being paid for assembly/distribution of **Montclair** displays in the VA area.

## D. Liggett & Myers

1. **Promotions** - Section 23 has provided following information: Jan. 1 - June 30 (**Eve, Chesterfield Filter, Lark, and L & M**). Pack promotions - B2G1F and B3G2F OR 50 cents non-redeemable pack coupons. Carton promotions: B1G-1/2 free, B3G2F OR $4.00 off VPR. Payments: 50 cents per carton available for display payment. **Pyramid**: $3.00 off VPR each carton or 30 cents per pack all to be passed to consumer. Payments for posters.

2. **Merchandising/Fixtures** - Will pay $25.00 per month for all permanent counter displays. Will pay $3.00 per row for shelf space on **Pyramid.**

3. **Sales Force Activity** - No new activity to report.

4. **New Products** - Nothing to report.

5. **Other** - Nothing to report.

2045058641

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## E. Lorillard

1. **Promotions** - No significant change in business.

2. **Merchandising/Fixtures** - Placing semi-permanent displays of **Style** and promoting with coupons; no major impact reported at retail. Also, in some areas, consolidating **True/Style/Newport** into one counter display, eliminating separate Style display.

3. **Sales Force Activity** - No new activity to report.

4. **New Products** - Nothing to report.

5. **Other** - Nothing to report.

## IV. CUSTOMER DEVELOPMENT

**Richfood** has accepted 9 packings of Basic.

**Giant Foods (155 stores)** has instituted a new smoking policy for employees. Employees are not permitted to smoke in store or within 90 feet of store.

**Super K - Charlotte, NC** sold 400 Coleman Lanterns in 3 weeks and increased sales on Marlboro by 66%.

**Begley Drug (21 stores) - Knoxville, TN** has been sold to Revco Drugs.

**Dixieland Piggly Wiggly (55 stores) - Geneva, AL** - Signed to Retail Masters. Implementation will begin immediately.

**RaceTrac (192 stores) - Atlanta, GA** - Accepted full participation in all 2nd Trimester promotions; accepted Marlboro Leadership Program for 6 weeks.

**Texaco (113 stores) - Atlanta, GA** - Will participate in all full margin 2nd Trimester promotions.

**Country Cupboard (42 stores) - Atlanta, GA** - Accepted Marlboro Leadership Program for 6 weeks.

**Winn-Dixie (92 stores) - Atlanta, GA** - Agreed to participate in the Marlboro Flashlight program for July.

**A & P (146 stores) - Atlanta, GA** - Recently acquired all Big Star stores in the Atlanta Market, giving them a total of 146 stores and raising their CPW volume to approximately 900.

**NCC - Atlanta, GA** - With A & P no longer being on direct-buying status, NCC has acquired their business and raised NCC's volume by approximately 14,000 CPW. NCC most recently gained an additional 200 K-Marts, as well as a 200 C-Store chain (Christy's) in the northeast.

2045058642

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## V. SECTION/REGION EVENTS

At NCC's recent trade show in Atlanta, we sold 5,285 cases - 5,015 of Marlboro and 270 of Basic.

Southern Women's Show - Nashville, TN - Event held 3/4-7 and attracted 60,000 to tour exhibit booths. VA Slims booth was the only smoking area and offered a "what happened on the date you were born printout." Packs of VA Slims were sold and with the purchase a VA Slims lighter was received.

Spring Resort Program - Panama City, FL - Activities are underway in Panama City and Pensacola markets. All retail displays have been set and response to T-Shirt incentive has been good. Marlboro Van Program is progressing well.

## VI. ORGANIZATION/PERSONNEL

Section 23 - Two new Unit Managers and 3 new Sales Reps (1 hired through the College Recruiting Program) are now on board.

## VII. MISCELLANEOUS

If copy of the petition RJR is using at retail to fight upcoming taxes has not already been received, please contact the Section 25 office for transmittal of same.

2045058643

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

# REGION 3 MONTHLY HIGHLIGHTS
# MARCH 1993

| I. VOLUME | MONTH | YTD | % CHANGE YTD |
|---|---|---|---|
| Marlboro | 767.3 | 1,533 | -3.1 |
| Full Margin | 345.9 | 669 | -8.7 |
| Price Value | 850.9 | 1,663 | 6.0 |
| Famous Value Brands | 326.3 | 649 | 100.0 |

## II. PM USA BRANDS

### A. New Products

***B & H Special Kings*** - B&H Kings BIGIF promotion quantities were not sufficient for Section 35 to move out the excessive amounts of product sitting at direct accounts. The program called for shipping more product in to be banded vs. using bands on existing inventory. We are using residual Caps to move product, however, significant quantities (8-12 weeks supply) still remains at direct. In addition, the menthol packings are in need of ethnic oriented support to establish itself in the inner city markets. The brand faces stiff competition from competitive menthol king packings.

Distribution for Section 36 currently at 88.8%. Sales continue to be sluggish and most major wholesalers experienced a large amount of excess inventories on this product. B1G1F was instituted in March to alleviate this problem, but product allocation was not sufficient to address all the accounts in the section. This program was modified and postponed several times and caused a lot of confusion for implementation. Suggest the Section receive funding to turn existing products at wholesalers into a B1G1F program in order to alleviate excess inventory.

***Marlboro 5 Pack*** - These packings continue to need a permanent and more stable place to display. This combined with pulse oriented support is a must for them to reach their potential. Many units are using the Flex Fund to reintroduce these packings with a "price off" offer and display participation.

### B. FULL MARGIN

***Marlboro Adventure Team*** - Additional two-pack sleeved resources from distributors and Richmond are being tapped into as communications from N.Y.O. indicated that there was 17,000 cases remaining at the factory. For the most part, material logistics group and PM Express are to be complimented for handling a program of this magnitude. Few instances are occurring where kits are short items, i.e. posters, banner, dangler or mobile. Consumer's awareness level is showing improvement in part due to the high exposure advertisement of the newspaper and Super Bowl Magazine, etc. The Marlboro buy two packs get a free lighter for the non-retail masters accounts has been accepted well. All flashlights have been picked up at retail with approximately 20% being sold to consumers prior to S/R's visit.

2045058644

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

The Marlboro Adventure Team Promotion has been very effective at retail. Consumers and retailers continue to ask for bonus miles. The promotion was a huge success, and some of the POS materials that were placed are still in place. Because of Retail Masters, levels of inventory on Marlboro are stronger, and in some outlets, out of stock conditions have been eliminated. This has been documented by audits conducted by Unit Managers.

**Flex Fund** - Price Off Promotion was well received at retail level, however, some managers did not like the idea of being paid after performance. They wanted to be reimbursed up-front. Audits have confirmed the abuse of the flex fund price-off program. Some retailers are not running the program as it was initially designed and presented by PM. SRs will follow-up, deduct payments and terminate contracts where applicable. (Section 36 reported above)

***Benson & Hedges/Merit/Virginia Slims*** - (Section 36) The **Virginia Slims** B1G1F Promotion was well accepted at retail. The longevity of the display was very short, in fact, store managers are asking for additional promotions. This promotion was able to gain trial from our competitors' smokers, Misty and Sterling.
The combination B1G1F and free 1/2 carton with carton purchase also showed good movement, however, sales are mostly in packs. The Virginia Slims Tennis Tournament water bottle promotion was shipped through PM Express and is now in place at retail. This promotion has brought added visibility and sales to this brand family. Comment from some retailers indicates that there is some request for promotions on the Virginia Slims 120s.

**Merit**

Merit sales continues to decline due to impact of all the discount brands at retail and lack of personnel to maintain competitive edge at retail through couponing. The most recent promotions were carton promotions, but should have been pack promotions because this is where most sales on this brand are generated.

## C. PRICE VALUE

***Basic*** - Continues to gain distribution in all markets. The B1G1F promotion has been successful in moving old product into the hands of the consumers.

***Cambridge*** - Activity with Cambridge is increasing with the addition of DBMs and the increased budget for the first trimester. At this point, DBMs are being used in supermarkets and predominantly carton accounts. Section 36 currently has a total of 14 DBMs on staff. All remaining DBM positions will be filled in April.
Cambridge coupon denominations are high with only $4 and $5 carton coupons, or 40¢ and 50¢ pack stickers or coupons. Doral and Sterling are being discounted with 25¢ up to 35¢ stickers. PM is being forced into an over-kill situation. Suggest that PM provide lower denominations and allow units to be ordered based on competitive activity.

From Section 32 - Insufficient and inconsistent coupons supplies have contributed to a decline in sales. To stop this decline, Districts are implementing programs to target specific accounts to provide a more continuous supply of coupons, along with increasing the depth of inventories with brand availability and visibility. This strategy has been instrumental in rebuilding inventories in the Mississippi Coast and Baton Rouge trading areas, where Cambridge continues to match Doral in sales.

2045058645

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## D. FAMOUS VALUE BRANDS

There has been no significant change in FVB brands in Section 34. Suppliers are still looking at gaining additional Black & White packings to meet retail consumer demand. At this time sales reps are presenting Basic in retail stores to follow the guidelines that were recently mailed. This has resulted in several wholesalers having to pass on additional moneys from their Private Label to compete with Basic in their stores.

FVB manager Jim Day, has initial plans in place to present a Private Label Black & White to Affiliated Wholesale in Tulsa.

# III. COMPETITIVE ACTIVITY

## A. R. J. REYNOLDS

1. **Promotions** - (From Section 33) Increased activity on behalf of Camel Cash since the beginning of MAT program. Placing numerous outdoor and in store materials including the 80th Anniversary Catalog (contains items not in the normal catalog.) Also placing a full size Joe Camel (6 feet tall) in convenience stores. RJR's response to the MAT program has been to increase the size of their POS, catalogs, etc., placing large quantities of Camel catalogs in those accounts that have our MAT displays/catalogs. Also, increasing couponing activity, especially in Kansas City District. Have initiated a program with Affiliated Foods to send flyers to all accounts wanting them to prebook Doral at $4.00 below wholesale price. In addition, for accepting a 100 carton plus display they would receive $5.00 coupons. King Oil (32 store convenience chain) ordered 10,000 cartons of product in order to obtain the $5.00 coupons.

   From Section 32 - **Doral** - $3.00/$4.00/$5.00 carton coupons; Doral has initiated a coupon order form offering a free carton with every completed form. Form must be completed and mailed in with 100 Pack UPC's, offer expires May 8, 1993. R.J.R. is also buying down Doral in select high volume accounts/50¢ off paid by check on Best Value in addition to 80¢ Off Invoice. $44.50 off Doral starting next week. T&M Texaco in Columbia, MS is buying down Doral at 75¢ per pack.
   Other promotions they are implementing include:

   All FM brands continue to show $4.00 coupons.
   Winston - Has been reported to be preparing a similar MAT type program using proof of purchases to redeem for incentive items.
   Camel - Buy 1 get 1 free pack.
   Camel - Buy 3 packs get a beautiful ashtray.
   Camel - Purchase 3 packs, get a free fishing lure.
   Camel Special Lights - B1G1F and $3.00 off regular purchase price in smoke shops.
   Doral - Showing $5.00 off coupon purchase in smoke shops
   Doral - $4.00 off coupons at regular retail outlets.
   Sterling - 2F1 pack offer. $4.00 off carton coupons in smoke shops.
   Sterling - 30¢ off packs

2. **Merchandising/Fixtures** -
   RJR is working to expand their co-existence on PM package racks. They are also working to expand their penetration of vertical sets on carton racks, i.e. Wal-Mart type sets. In smoke shops they are demanding a similar Price Value display stating they will not do buy downs unless this extra display is placed in smoke shops. Section 34
   Placing Vantage floor ashtrays in select outlets. Placing package rack headers and counter display headers stating "Marlboro Smokers Take The Smooth Challenge" or "An Invitation To Marlboro Smokers" for Winston Select product. Section 32

2045058646

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

3. **Sales Force Activity** - SR's sampling Camel Special Lights 20's in Smokeshops and other retail outlets.

4. **New Products** - Camel Special Lights - 1 packing only, 85 mm soft pack king. Retail introduction includes 40 pack gravity set sell w/box matches dispensed from it. Retailer incentives are $4 payment for display placement and product bought down by 40 cents a pack. There is also a distributor program for placement of the 40 pack display in their accounts that are not in RJR reps' workload. The distributors are getting both a $4 payment to pay retail accounts and $12 payment for themselves, with a total of $16 per display for distributors. RJR Sales Reps are targeting Marlboro Light smokers to switch sell by offering them a free pack. The brand is being supported with a blitz of POS, which includes banners, cards, and posters.In the Springfield District, UM reports RJR is starting to have store sales at high volume accounts, asking Marlboro smokers to trade 1 pack of Marlboro for 2 packs of Camel Special Lights.

5. **Other** - Nothing new to report.

## B. BROWN & WILLIAMSON

1. **Promotions** - Kool- $2 off on carton. In pack outlets, accounts are using the carton coupon to reduce the pack price 20 cents.
   Viceroy - 30 cents off pack, $3 off carton.
   Richland - $3 off carton. Richland Box 2 for 1, $5 buy down.
   Raleigh - 20 cents off pack, $2 off carton. -

2. **Merchandising/Fixtures** -
   B&W has in place a non self-service carton program, which states B&W will pay $1.25/row up to 70 rows for visible N.S.S. B & W has Corporate Program on behalf of GPC with Super Value. B&W pays Super Valu/Wetterau 70¢ for all GPC product ordered. Also pays retailers $1/carton allowance This has had the effect of Super Valu and Wetterau treating this as their Private Label.
3. **Sales Force Activity** - Sales force continues to place work emphasis on the low end business and GPC specifically. B&W does an excellent job of using coupons and buy downs on GPC to establish the brand and offer incentives both to the retailer and consumer to purchase.

4. **New Products** - Nothing new to report.

5. **Other** -

## C. AMERICAN

1. **Promotions** - Include:
   Bull Durham: 25¢ stickers, $2 carton coupon
   Riviera: 35¢ pack coupon, $2 carton coupon
   Misty: $1 off coupon on 2 packs, 30¢ pack sticker, $3 ctn cpn w/ Spring/Summer fashion guide
   Pall Mall: $2 off carton
   American Lights: 20¢ pack stickers, $2 carton coupons
   Tareyton: $2 carton coupons
   Carlton: $2 carton coupons

2045058647

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

2. **Merchandising/Fixtures** -Nothing new to report

3. **Sales Force Activity** - Nothing new to report

4. **New Products** - Section 36 reports:
   Carlton Slims - Two Packings: Light Menthol & Light Regular. Targeted at VS Ultra Lights. Being featured with 50¢ pack and $5 carton coupons. The brand is featuring a "Look Book," fashion book for customers with UPC codes.
   Summit - Exclusive rights to Southwest Wholesale as the house brand. Nice packaging & good support program.

5. **Other** - No change from last reporting period.

## D. LIGGETT & MYERS

1. **Promotions** -
   Lark: 2F1, 5F3, B1Pk/Free Lighter
   Eve: 2F1, 5F3, $4 off ctn coupons and $5 buy down
   Chesterfield: 2F1
   Pyramid: $4.50 and $5 buy downs

2. **Merchandising/Fixtures** -

3. **Sales Force Activity** - No new activity.

4. **New Products** - Nothing new to report.

5. **Other** - Nothing new to report.

## E LORILLARD

1. **Promotions** - Include:
   Newport - Continue to work B3G/Newport Indy Car Tumbler, B1G/Lighter, 50¢ off pack
   Style - 30¢ off pack, $3.00 off ctn
   Old Gold & Kent - $4.00 off ctn

2. **Merchandising/Fixtures** - St. Louis reports of a Visible Non-Self Service Program as follows: product must be visible, will not pay below a non-paying company, 16 row minimum - payment $24. $1.50 per additional row up to 24 rows.

3. **Sales Force Activity** - Nothing new to report.

4. **New Products** - Nothing new to report.

5. **Other** - Nothing new to report.

2045058648

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## IV. CUSTOMER DEVELOPMENT

### SECTION 31 -

**Dierbergs Markets**/St. Louis, MO - Package fixtures and a 90 carton Basics semi-permanent rack are scheduled to be installed in all 14 stores the week of 4/12/93. A pre-booking form for 90 cartons of Basic has been signed by buyer and forwarded to Mound City.

### SECTION 34

**Homeland/Oklahoma City** - SAM, Karen Peterson has followed up with Buyer, David Dunn for a letter of authorization concerning Plan C's and to also review the plan-o-gram changes for smaller stores. Karen has received authorization to place 2 C trays at 2 locations in all stores. All 2nd Trimester promotions were accepted. They have also taken in Marlboro Medium 100's in their warehouse and Homeland is considering allowing PM-DBM's to assist in couponing and working promotions at their warehouse.

**Dillons/Hutchinson, KS** - On March 16th SAM Karen Peterson, DM Alan Rexrode and Trey Clem held a meeting with Dan Bird and Dale Lightcap of Dillon's to review Wholesale and Retail Masters. Issues were non-compliance on Level 1 of Retail Masters due to placement of Sundance and Value Time Price Value fixture. Results were with Wholesale Masters, Dillon's agreed to take on Basic and Bristol to attain 99% distribution level. They also agreed under value added to assemble product and provide competitive sales information at retail and the wholesale level.

In regards to Retail Masters, Dillon's agreed to place Philip Morris price value fixtures in all stores and to carry Basic. They asked Philip Morris to supply one 12-wide fixture to hold Basic, Sundance and Value Time. Karen also obtained space to share for Philip Morris product on the carton fixture. Dillon's agreed to a Retail Masters contract, Level 1 in all stores and Full Participation in 4 test stores in the Hutchinson area. These test stores will be used to see what Retail Masters will do to improve their sales. Karen and Alan will be working with Dillon's space management team and use store inventory movement, profit and basic category management to set the carton rack space.

### SECTION 35

**Minyard's**/Dallas (79 stores)- SAM Lucille Watkins put together a Flex Fund price reduction program to run April 11-20, 1993. $3.00 off a carton of Marlboro, Merit, B & H, and Virginia Slims will be offered. Ads will run in circulars. Historically this account has not advertised cigarettes. Four additional packings of Basic will be automatically shipped to each store in April as a result of the warehouse adding these four packings to qualify for Wholesale Masters. FVB presented "Shield" in March, decision pending.

### SECTION 36

**H.E.B.**/San Antonio, TX (62 stores)

HEB's first Flex Fund promotion was conducted from December 14 through January 4. The price reduction in which their retails on Marlboro cartons was reduced to $16.99 and their packs to $1.99 resulted in an increase in Marlboro sales of 29%.

Difficulties in keeping Best Buy competitive with other private labels and black and white products persist. Although Coremark has agreed to pass on an additional 10 cents per carton to HEB in order to maintain exclusivity in this account, competitive offers continue to be an issue. A proposal for a revenue sharing plan in exclusive accounts was sent to trade marketing and FVB.

DBM began coupon activities at HEB's warehouse on March 10. Current scheduling is for 2 days per week. DBM averaging 700 coupons per visit. Our objective is to have 90% of inventory couponed at the warehouse.

2045058649

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

**Diamond Shamrock - San Antonio, TX (740 stores)**
Retail Masters implementation of counter displays occurred during this quarter. Although some resistance was met at the local level, corporate has taken a strong stand with their divisions forcing implementation.

**Diamond Shamrock** - (cont'd)
Corporate has also taken a strong stand with Divisions in their nonperformance on promotions. A deduction from first quarters invoice will be made for the San Antonio division's nonperformance on the MAT program.

A flex fund promotion utilizing MAT 2-pack product from McLane is in the planning stages for late April. Billboards will be produced to announce a 2-pack price of $3.99 in major Diamond markets. Final drafts of the billboard should be completed by the Promotion Network by April 1.

Diamond continues to price Marlboro 5 pack at an $8.99 retail to incent multiple pack purchases.

A meeting is being planned with trade marketing to present retail direct marketing in exchange for scanning data. Diamond is very responsive to exchanging of information and to being used as a testing ground for PM promotions.

**N.C.S./Houston, TX (724 stores)**
We are currently running Cambridge on a two week banner board promotion. Sales are exceptional with a 600% increase the first week on normal sales. Stop N Go co-funded 20¢ of the reduction and we expect to sale over 6.2 million units in a two week period. April 5th, we will begin a two week banner board promotion on Marlboro 5 for 3 at a low price, expected unit volume for the promotion will be 17.4 million units.
Due to compliance problems, we have designed a new counter display that wraps around the register. This has been agreed upon by all parties and we expect placements in 6 to 8 weeks.

**Appletree/Houston (50 stores)**
Appletree has agreed to move 24 of their NSS stores to self-service in order to increase sales. They will use PM fixtures with locking doors to display products. Two 3 foot units will be used to promote PM brands and the other companies popular products. Placements are expected by mid-April.

**Grocers Supply Company/Houston, TX**
Signed 1993 Wholesale Masters. Currently PM is doing 7.9% of the deep discount business, therefore they want their own private label in order to obtain the 40% business for the bonus. Current PM volume is up 129%, Marlboro is up 143%, Full Margin is up 117%.

## V. SECTION/REGION EVENTS -

**Section 31** - The NCAA Basketball Regionals were held in St. Louis in March. This enabled PM two separate evening of entertainment opportunities. SSD Tony Johnson and account management entertained Schnucks Markets during the Thursday evening games and Clark's Corporate Management team on Saturday.

## VI. ORGANIZATION/PERSONNEL - Nothing to report.

2045058650

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## VII. MISCELLANEOUS

**Section 35**

Public Smoking Issue: Ordinance was passed in Fort Worth (3/31/93) prohibiting smoking in all government buildings effective immediately. In addition, DFW Airport has voted to ban smoking in all four terminals. This is significant as this is a major hub for American and Delta. Most passengers are wanting to enjoy a smoke as they switch planes and will now have to step outside. PM was represented at all three of the local town meetings and the vote was overwhelmingly in support of the ban.

**Section 35 Reports**

Texas Legislation: The state Legislators are presenting a bill that would increase the tobacco permit cost from the current $50.00 to $300.00 per location. In addition, this bill includes stiff fines for accounts selling to minors or selling to adults who give the product to minors. The fines can be as much as $2,000.00 per day per occurrence. Also, legislation included in the same bill would prohibit the couponing of cigarettes in the State. In another piece of legislation, there is a newly passed bill that would reduce federal aid to states if they don't comply with "restricted access" clause in the federal regulation. The state of Texas is bringing before the legislators it's version of the bill to ensure compliance. Compliance to the bill requires that all tobacco products including cigarettes, cigars and chewing tobacco be placed behind the counter and requiring proof of age before selling the product. Texas stands to lose $20 million dollars if found in non-compliance.

2045058651

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

# REGION 4 MONTHLY HIGHLIGHTS

# MARCH 1993

## I. VOLUME

| Brand | VOL MTD | VOL YTD | % CHG vs. LYTD |
|---|---|---|---|
| Marlboro | 2,821 | 4,457 | - 4.2 |
| Full Margin | 3,844 | 6,191 | - 10.1 |
| Total Discount | 1,419 | 3,422 | 48.1 |
| Deep Discount | 993 | 2,627 | 85.5 |

(Volumes as of 3/31/93)

## II. PM BRANDS

### A. New Product

**B & H Special Kings**

41 Overall sales, including B1G1F, are slow. Selling only in isolated areas. Complimentary 20's were shipped as a distributor program to help deplete existing overstock. However, live product was also sent, still leaving us with the overstock problem. Many accounts are wanting this brand removed from distribution due to lack of sales. Flex Fund programs are also being implemented to deplete excess inventories.

42 Distribution of B&H Kings in the Metropolitan Detroit area remain at 90+%. They have found that the product continues to be stagnant at the retail trade. The additional "2 for 1" support has helped generate additional sales, however, their only movement at this time is deal product. Inventories are heavy at both wholesale and retail.

43 To date, 211 management accounts have accepted B&H Special Kings.

Non-Direct Accounts Pending: Petro Mart, Foodtown Lexington, Friendly Foods, Cub Foods and Super X.

Direct Accounts Pending: J.C. Groub and Hall Rodecap.

44 Units are still reporting extremely slow movement. Second trimester promos should create some movement. Large quantities at distributors will be moved out with promotions, using additional price reductions on cartons (still to be determined). Additional support will come from an outside company, SMSI (sampling, POS placements, reintroducing B&H Kings, and creating added brand awareness and trial). Retailers are concerned with B&H Kings going out of code. Suggestions have been made to use on-carton coupons to increase sales.

2045058652

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

**Marlboro Adventure Team**

41 Excitement is still growing for Marlboro Adventure Team. Accounts are requesting additional catalogs and POS. Consumers are shopping from store to store for MAT promotions. Overall, the momentum is being maintained and the infusion of the current and future promotions will ensure the success of the program. SRs report that competitive F.M. smokers have switched to Marlboro to begin saving for their gear.

42 Marlboro continues to erode the marketplace due to excessive price point promotions from competitive full margin products, as well as heavy emphasis in the deep discount segment from all manufacturers. MAT promotions continue to spark additional sales. Anticipating excellent acceptance with the MLP to halt the erosion of Marlboro throughout the entire Section.

It has been reported that the Marlboro Lantern Promotion sustained heavy damage during shipments to retail stores. Many lanterns were found with cracked lenses which were removed from the marketplace. At this time, no accurate inventory of damage, however, estimating a 3% - 5% damage rate.

Marlboro "5 for 3" has met with great success. Consumers are making multiple purchases of "5 for 3" deals. Inventories in stores are experiencing fast turn and most Retail Masters accounts are requesting additional supplies.

43 "Win the Gear Here's" goal is to provide a high impact in-store program that generates consumer awareness of MAT. This program has created consumer excitement in accounts where the gear is displayed. Certificates will not have the same impact as the displayed gear. Also happy to be getting the 2nd edition catalog of Adventure Team items. This should create even more excitement about the program.

The Van Program has been successful in Louisville. Retailers have requested return visits.

The Lantern Promotion sold out extremely well, with most displays sold out within two weeks. This incentive put pressure on accounts not yet signed to Retail Masters. The size of the 100 lantern display was too large. The 40 unit display should be used with backup incentives.

44 Feedback on MAT is very positive. Promotions have been effective in increasing competitive switching and increasing volume. Product is at retail without 5 miles. Retailers and customers are concerned over the one time 25 non-MAT UPC redemption. Consumers are impressed and showing excitement with "Win the Gear" prizes. Catalogs and take-one boxes are still at a shortage. Promotions are good, however, additional quantities are needed as well as additional miles for carton purchases.

Customer response on the Marlboro Lantern Promotion was positive. Display size was good, however, could have used additional quantities. Also, Sections report that lanterns arrived broken in transit.

**Marlboro 5 Pack**

41 The Marlboro 5 Pack is perceived as a promotional packing. Retailers are resisting reorders due to lack of demand. Sales are suffering due to lack of promotions and incentives. Suggest implementing $2 off per 5 Pack pricing strategy to offer the consumer an added value to purchase the 5 Pack. Flex Fund being used to promote packing. Off-rack merchandising, primarily on CF fixtures, stimulates incremental sales. Banners are also requested.

2045058653

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

43 To date, 170 management accounts have accepted the Marlboro 5 Pack.

Non-Direct Accounts Pending: Herdrich Oil, Walgreens, 21st Amendment, and Foodtown.

Direct Accounts Pending: Skiles and J.C. Groub.

Need a co-fund program for this packing in order to maintain distribution and depth of inventory.

44 Marlboro 5 Pack sales are slow. Using Flex Fund to help promote 5 Packs should increase sales. Retailers are looking for support on this brand. Sales force suggestions have been to use Marlboro Van and 5 Packs to create excitement, brand awareness and sales. Retailers are concerned that Marlboro B3G2F will hurt 5 Pack sales. There is customer confusion between packaging for 5 Packs and Marlboro B3G2F.

**Merit**

43 The $4.00 w/ Movie Rental initiative was to stimulate trial and repurchase among smokers of competitive brands targeted for carton outlets in 4HO, 4IO, and 4JO. This promotion was more effective in generating continuity of regular Merit users than gaining trail. Merit price off carton promotions, as always, acquire excellent penetration and sales in targeted markets.

**Virginia Slims**

43 We are receiving requests from retailers wanting "V-Wear" catalogs for their customers. Take-One boxes with catalogs to place in Retail Masters accounts are needed.

44 Additional catalogs needed for all retail calls. Display size and sell-through is good. Additional promotions requested to off-set Misty and Style.

## B Price Value

41 Alpine/Cambridge - Our new strategy on increased coupon values on Cambridge and Alpine has had an impact on sales overall. However, RJR buy-downs seem to be undermining our efforts. The buy-downs they have had for the last six months are now giving smokers an everyday low price on Doral, which consumers have come to expect. Our coupon usage tends to be sporadic, based primarily on coupon coverage by our DBMs and SRs. There are periods of time when PM has product not couponed at retail due to limited coupon inventories available to order.

43 Bristol program pending approval from Trade Marketing and Brand. Intended to help sell out over-inventoried stock at distributor and retail.

The B1G1F promotion which was to encourage competitive trial and reward current Cambridge consumers was a huge success in targeted accounts.

44 Couponing strategy has put Price Value at same price or close to deep discount, creating confusion. Cambridge catalog well received by consumers. B1G1F selling quickly, however, additional quantities needed. Still waiting for 2nd quarter coupons. Reps indicate coupon quantities running low.

2045058654

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## C. Deep Discount

**Basic**

41 Selling of brand into accounts with 2 or more deep discount brands including a PM Private Label is causing retailer confusion. Accounts are calling their distributor for an explanation and inquiring about the lowest price proposition. ATC did not raise their price of the low price brands, offering the best price deal. The brand has also been sold into most distributors.

42 The conversion for all Basic to the new packaging has been successful. Few instances have been found of old packaging at both wholesale and retail. There has been numerous consumer complaints concerning Basic full flavor, which consumers are describing as harsh in flavor and a definite change in the product since our change in packaging. Most retailers, however, are reporting that while consumers are making comments of the change of product, they continue to purchase at accelerated rates.

We anxiously await the new Basic counter and floor displays. As a result of our current promotion, several accounts within the market have accepted Basic, namely K-Mart, with distribution of full packings in all stores. Perry Drug has now accepted Basic for all stores, with a possible featured counter display in all locations.

We will be conducting limited "2 for 1" activity in support of Basic with accounts that have refused distribution, or in accounts that are heavily promoting Monarch or Best Value. It has been found that where Basic out-merchandises the competition, consumers prefer Basic 3 to 1 to other Basic discount brands.

44 Basic acceptance varies by District. Pricing is still an issue. Private Label and Basic are not competitively priced at distributor level. At retail, competitors are buying down or couponing to the lowest price point in store. Competing at retail against Best Buy with Basic is a concern of retailers. Pricing from distributors varies greatly depending on what discounts are passed down. Price difference between Best Buy and Basic ranges from $.50 to $1.25 per cartons. Acceptance of B2G1F is good.

# III. COMPETITIVE ACTIVITY

## A. American

41 ATC- Montclair- Carlton Slims- new packing, reg box and men box- 6 mg tar, B1G1F intro offer, free pack coupon to appear in the May issue of six selected magazines 40 ctn display with pack topper- $5.00 off ctn, $.50 off pack. Pall Mall- $7.00 off with mail-in rebate, $.50 off pk; Gold Lights 100s Box- new packing in selected markets, $.50 off pack- 30 pack display, $5.00 off ctn- 15 ctn display, Trade- $24.00 per case from March 29 through April 16, 1993. Private Stock and Prime- gaining distribution due to cheaper wholesale prices.

Summit- new brand, 12 pkgs include FF ks box and sp and 100s sp, Lts ks box and sp and 100s sp, Men FF and Lts ks and 100s sp only, Ultra Lts 100's and non filter. The brand name is on each cigarette and the words "Premium Blend" is printed on each pack. Distributors were told that competitive brands are of less quality and made from imported tobacco. They used this as a sales pitch. This is their third network of Master Distributors to be offered a Wholesale Private Label. Brand offered to low volume distributors. 173 distributors were invited to Atlanta to introduce the brand. Approx. 160 attended. This is a follow-up to the introduction of Private Stock and Prime. The protected territory consists of one county. Chains however, will continue to be serviced by their current supplier if the brand is requested.

2045058655

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

American Challenge Program offers $.11 per carton vs. PM USA Masters potential of $.09 per carton. American has scheduled four Distributor Assembly/Force Out Shipper Programs. Distributor gets to pick his promos from prepared menu, and gets to pick the mix of product to be in the promo. Schedule consists of Montclair, Misty, and Carlton. By participating in the Assembly Program, Distributor gets the opportunity to increase their payments by 25%. i.e.: $.11 plus $2.75 (25% increase) equals 13.75 cents per carton return on American Challenge. All assembly payments made in addition to above monies. Paid on all packings Full Margin through Prime.

42 Misty B1G1F 40 Unit Displays. $.35 to $.50 off per pack in selected locations.

Bill Durham continues working B1G1F with little movement noted with this promotion.

43 Misty $1.00 off 3 packs, $3.00 of carton, and "The Look Book" aimed at Virginia Slims and Style and to compete with Virginia Slims "V-Wear."

$.25 per carton to retailer by wholesaler on a quarterly basis. Targeted toward all D.D. brands. They seek a larger share of the D.D. category.

44 Montclair is being bought down $3.00 per carton. This is applicable in all retail accounts. This does not bring the price down to the lowest in store, therefore, the effect is minimal on any PM brands.

$3.00 off carton coupons on Misty and Carlton Slims is showing gains from Virginia Slims due to the lower price point.

Prime, American's new entry into the Black & White category, is making it extremely difficult to position Best Buy or Basic at the lowest price point. American is buying down this product $1.25 at retail, plus offering a distributor rebate of $80.00. This is making Prime $1.00 - $1.25 less.

## B. Brown & Williamson

41 GPC- $1.50, $2.00 and $2.50 off ctn, $.25 and $.35 off pk, utilizing dump bins, buydown to $.05 less than lowest price brand despite Profitology; Kool- $2.00 and $3.00 off ctn, $.50 off pk, B1G1F, 1 pk lighter; Raleigh Extra- $1.50, $2.00 and $3.00 off ctn, $.20 and $.25 off pk; Capri - B1G1F, $2.00 off ctn, $.50 off pk, $.50 off the live pack of a B1G1F; Viceroy- $3.00 off ctn, $2.00 off 6 pks, $.30 off pk; Richland- $3.00 off ctn.

42 Kool $3.00 and $4.00 coupons on cartons. $.50 coupons and stickers on packs.

Viceroy continues their $3.00 off per carton and $.50 off per pack.

Capris is being featured with B1G1F, as well as $.35 to $.50 off per pack in select accounts.

GPC continues selective couponing of $1.50 to $2.00 high volume, deep discount outlets.

43 GPC $1.50 to $2.00 coupons on cartons and $.20 pack coupons to obtain larger share of the deep discount category.

Viceroy $3.00 off carton and $.30 off pack targeted toward Cambridge and Doral (even Marlboro and Winston).

2045058656

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

Kool $3.00 off carton, $.30 off pack (10 to 60 carton displays) to retail Kool smokers or possibly to get back some lost customers from Alpine, Salem and Newport.

44 Kool is placing a $2.00 off coupon. When floor displays are placed, retailers receive a $40.00 payment. Although this is not affecting PM brands, it is ensuring that Kool smokers don't switch to another menthol packing. Retailers are reporting steady movement of this product.

GPC price has been raised at wholesale to $1.00 higher than Basic or Best Buy. In turn, B & W reps are buying down at retail either $1.00 or $1.50 to meet Best Buy price.

Viceroy has introduced a marker board that hangs from the ceiling. This board comes with several colored markers that easily erase and obviously can feature any message the retailer wants. This piece is not readily available, however, acceptance is high.

Viceroy is maintaining $3.00 off carton coupons. This has no effect on PM brands, however, $.30 pack coupons are affecting Cambridge sales.

## C. Liggett & Myers

41 Chesterfield- FF and Lts - $4.00 and $5.00 off ctn, B1G1F; Eve - FF and Lts- B1G1F, B2G1F, $3.00 and $4.00 off ctn; L&M - buy 1 ctn get 1/2 ctn free, B2G1F, B3G2F; Lark - B1G1F, B2G1F, $5.00 off ctn; Pyramid - $3.00 off ctn, $.30 off pk.

44 It is reported that Liggett is discounting Pyramid. This will help gain distribution for Basic.

Lark and Chesterfield B1G1F are still sitting at retail. Movement is non-existent.

## D. Lorillard

41 Newport- 2 pk racing mug, $3.00 off ctn, $.50 off 1 pk with free lighter; Newport Slims Lts- $.75 off pk, $.50 off 1 pk with free lighter, Newport Stripes- $3.00 off ctn; Harley Davidson- test market, $3.00 off ctn, $.50 off pk, B1G1F; Kent- $2.50 and $3.00 off ctn; Style-$3.00 off ctn, $.30 off pk, B1G1F.

42 Newport continues to feature "2 Pack with Lighter," as well as $.75 off a pack in metropolitan Detroit market.

Kent continues working B1G1F in most markets. Also featuring $.40 off per pack.

$3.00 off on-carton coupons; $.30 off pack coupons and "2 for 1" targeted toward V.S. and Misty. "2 for 1" selling very well.

44 The $5.00 off Newport cartons, 50 carton maximum purchase at retail, is not affecting PM menthol brands, however, reported that it is converting Salem smokers.

New True box packings are offering $.50 per pack, with no impact on PM brands.

Kent B1G1F are being introduced in the Chicago ethnic areas with Spanish advertising. There is no impact on PM brands.

Racing Rum with two pack purchase incentive being used by Newport and Newport Lights with no impact on PM sales.

2045058657

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000

## E. R.J. Reynolds

41 Winston Select- new POS "ARE YOU A MARLBORO SMOKER? IF SO, TRY THIS B1G1F"; Winston- $3.00 and $4.00 off ctn , $.30 and $.50 off pk, $1.00 off 2 pk, $1.50 off 3 pks, 5 free pks with ctn purchase, radio flashlight with ctn includes T-shirt offer, 2 pk party mug, 3 pk Foster Grants, 3 pk Zippo lighter, 3 pk watch, T-shirt with 4 pk UPC's +$9.25. "Winston Challenge"- accumulate points by answering questions correctly for each of 24 Winston Cup races. Top point winners receive prizes. Points may also be redeemed for racing patches; Camel- Catalogs mailed directly to stores, keying in on Retail Masters accounts, B1G1F, B3G3F, 5 pks free with ctn purchase, 3 pk belt, 3 pk sleeved triple cash, 3 pk pool table ashtray, $3.00 off ctn, $.50 off pk, 3 pk ski cap, motor sports lighter with ctn, 2 pk coffee mug "Mud and Monster" theme and 2 cups of coffee at Kwik Fill; Camel Special Lts- now at retail, Direct mail offer includes free pk and a B1G1F coupon , B1G1F scheduled for April;

Monarch- 2 new pkgs.- FF Box and Lt Box; Cardinal- new pk design expected soon.

RJR now has a van that they are setting up in store lots for store sales in response to our MAT Van Program. No details to date.

42 Camel Paying retailers $100 per year for lighted Camel cash sign. This is a permanent sign located in gas convenience outlets. Beginning to work Special Kings against Marlboro Lights. Unaware of promotional activity at this time. Also offering B1G1F. Have found an unlimited supply at L&L Jiroch in Grand Rapids. Large quantities are being sold in key Marlboro outlets.

Doral $4.00 off cartons throughout the general market. The Jackson market reports up to $5.00 off coupons on Doral, and buy-downs on Doral up to $6.00 in selected stores.

Winston is offering the following:

- Offering "Buy a Carton, Get 5 Packs."
- Also offering "Buy 2 Cartons, Get an Eagle Sweatshirt."
- "Buy 3 packs, get $1.50 off."
- $9.00 off on 2 carton purchase (2 ctn. cpns. wrapped around 2 ctns.).
- Shell Oil in the Grand Rapids market is featuring a 2 pack Winston/Salem promotion with free windshield solvent.

Also offering $.50 off pack of Winstons, Salems, or Camels and offering 3 pack wrap with $1.50 off.

R.J. Reynolds is offering $.75 a carton on Monarch to distributors beginning April 1st through June 30th. This promotion is in response to American's Prime, which was not increased during the latest price increase.

43 RJR is promoting branded product to become more targeted toward full margin brands, placing greater emphasis on branded and less on price value.

B1G1F Camel Special Lights introduction, aimed at Marlboro Light smokers, has good distribution, but product not selling except "2 for 1s."

B1G1F Winston Select targeting Marlboro smokers. "2 for 1" deals selling, but not getting repeat orders.

2045058658

Source: https://www.industrydocuments.ucsf.edu/docs/glxl0000